



Finance Report

Period 5, 2021/22

Management results from 1 April 2021 – 21 August 2021

Finance Committee

6 October 2021



Section 1 Period 5, 2021/22 results: divisional performance

Divisional performance 1

TfL Group performance 2



London Underground

Tube journeys 50% of pre-pandemic levels in the latest period, increasing to 58% in week ending 18 September. Passenger income (£70m) lower than Budget, but over double the value we saw last year.

Operating costs £4m below Budget, due to lower than anticipated coronavirus related spend. Costs only slightly up on last year (1%) when we reduced service levels during the first wave of the coronavirus pandemic.

London Underground

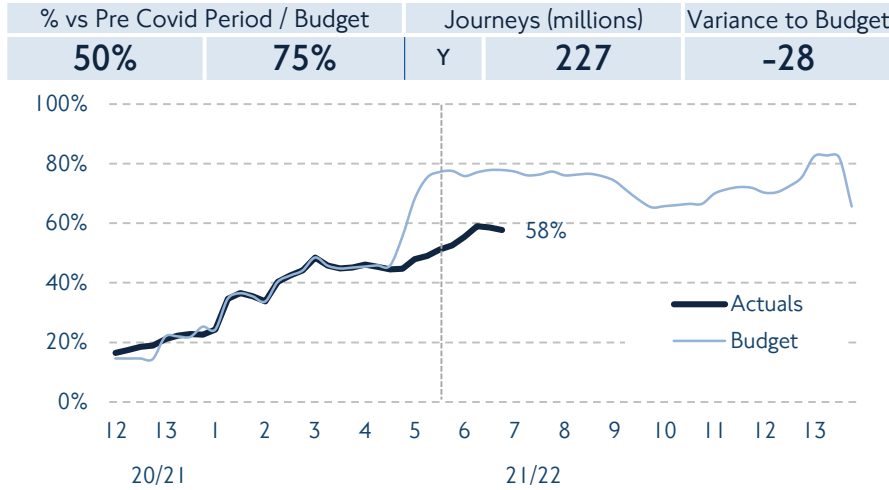
Operating account (£m)

Passenger income
Other operating income
Total operating income
Government furlough grant
Total income
Operating costs
Net operating surplus
Indirect costs
Net financing costs
Capital renewals
Net cost of operations

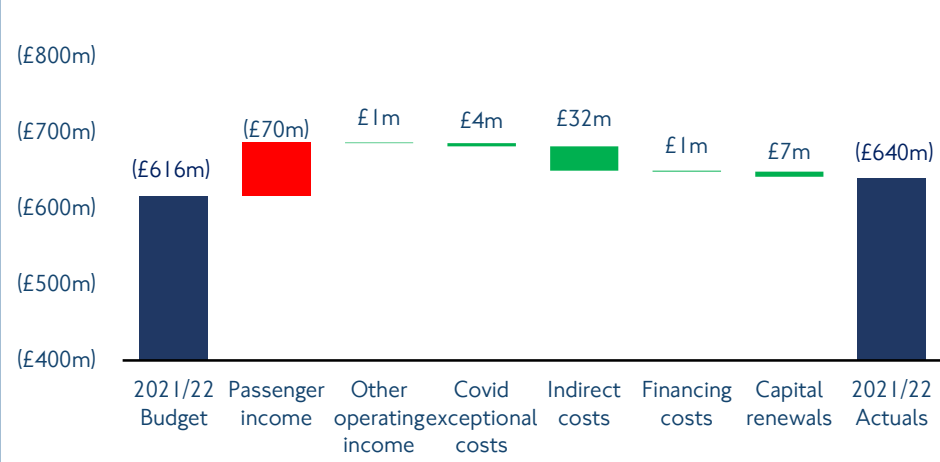
Actuals	Year to date, 2021/22		
	Revised Budget	Variance to Revised Budget	% variance to Revised Budget
468	538	(70)	-13%
10	9	1	6%
478	547	(69)	-13%
0	0	0	N/A
478	547	(69)	-13%
(783)	(787)	4	-1%
(305)	(240)	(65)	27%
(122)	(154)	32	-21%
(110)	(111)	1	-1%
(103)	(110)	7	-7%
(640)	(616)	(24)	4%
(9)	(11)	2	-15%

Year to date, 2020/21		
Last year	Variance to last year	% variance to last year
203	265	131%
8	2	23%
211	267	127%
34	(34)	-100%
245	233	95%
(777)	(6)	1%
(532)	227	-43%
(97)	(25)	26%
(108)	(2)	2%
(49)	(54)	112%
(785)	145	-18%
(10)	1	-8%

Tube journeys compared to pre-pandemic baseline



Net cost of operations compared to Budget



Elizabeth line

Elizabeth line journeys 53% of pre-pandemic levels in the latest period. Passenger income (£2m) lower than Budget, and £16m up on last year.

Operating costs £3m lower than Budget, driven by lower than rolling stock maintenance costs.

Elizabeth line

Operating account (£m)

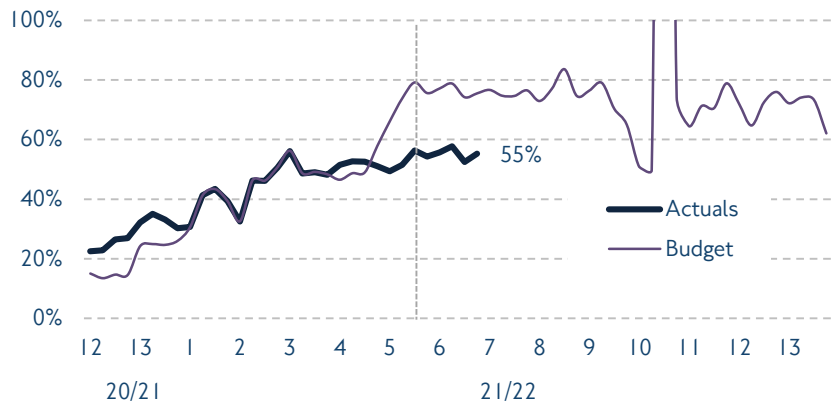
Passenger income	28	30	(2)	-8%
Other operating income	9	10	(1)	-8%
Total operating income	37	40	(3)	-8%
Operating costs	(161)	(164)	3	-2%
Net operating surplus	(124)	(123)	(1)	1%
Indirect costs	(3)	(5)	2	-40%
Net financing costs	(37)	(37)	0	-1%
Capital renewals	(1)	(1)	0	-39%
Net cost of operations	(165)	(167)	2	-1%
New capital investment	(7)	(7)	0	-2%
Crossrail construction	(253)	(281)	28	-10%
New capital investment	(260)	(288)	28	-10%

Actuals	Year to date, 2021/22		
	Revised Budget	Variance to Revised Budget	% variance to Revised Budget
12	16	129%	
2	7	254%	
15	22	152%	
(118)	(43)	36%	
(103)	(21)	20%	
(2)	(1)	46%	
(36)	(1)	2%	
0	(1)	N/A	
(141)	(24)	17%	
(7)	(7)	0	-2%
(253)	(281)	28	-10%
(260)	(288)	28	-10%

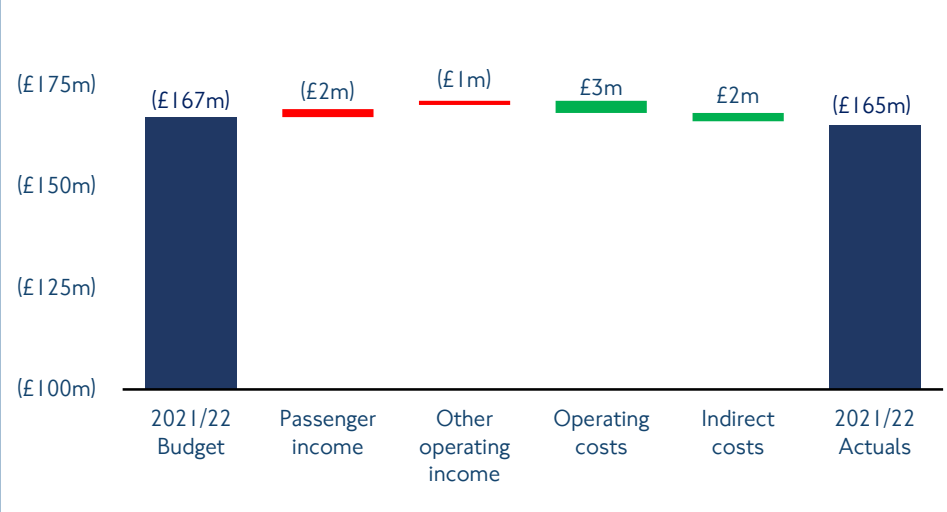
Year to date, 2020/21		
Last year	Variance to last year	% variance to last year
12	16	129%
2	7	254%
15	22	152%
(118)	(43)	36%
(103)	(21)	20%
(2)	(1)	46%
(36)	(1)	2%
0	(1)	N/A
(141)	(24)	17%
(10)	3	-31%
(284)	31	-11%
(294)	34	-11%

EL journeys compared to pre-pandemic baseline

% vs Pre Covid Period / Budget		Absolute m		Var to Bud m
53%	74%	Y	13	-1



Net cost of operations compared to Budget



Buses, Streets & Other operations

Bus journeys 65% of pre-pandemic levels in the latest period, up to 68% in week ending 18 September. Passenger income (£7m) below Budget due to 16 million fewer journeys.

Operating income £9m higher than Budget driven by higher Road User Charging income. Higher income driven from increases in contraventions (and associated enforcement income) on LEZ and ULEZ schemes. Operating costs £3m lower than Budget, mainly due to lower bus performance payments and staff cost savings.

Buses, Streets & Other operations

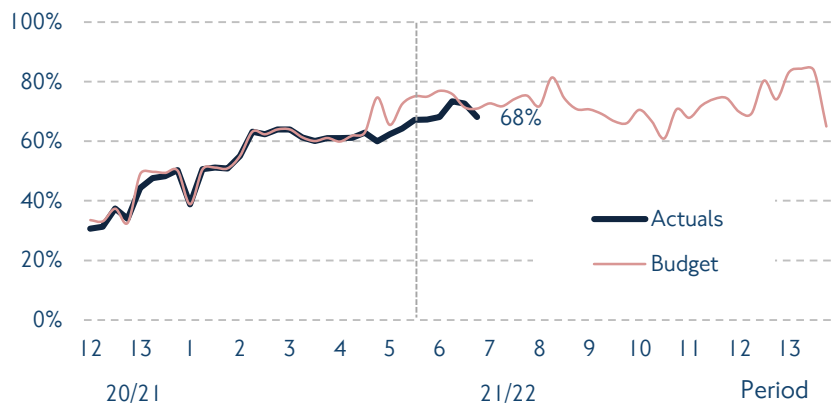
Operating account (£m)
Passenger income
Other operating income
Total operating income
Government furlough grant
Total income
Operating costs
Net operating surplus
Indirect costs
Net financing costs
Capital renewals
Net cost of operations
New capital investment

Actuals	Year to date, 2021/22		
	Revised Budget	Variance to Revised Budget	% variance to Revised Budget
384	391	(7)	-2%
260	251	9	3%
644	642	2	0%
0	0	0	N/A
644	642	2	0%
(1,080)	(1,083)	3	0%
(436)	(441)	5	-1%
(35)	(38)	3	-9%
(11)	(11)	0	-1%
(36)	(35)	(1)	1%
(518)	(526)	8	-1%
(35)	(40)	5	-12%

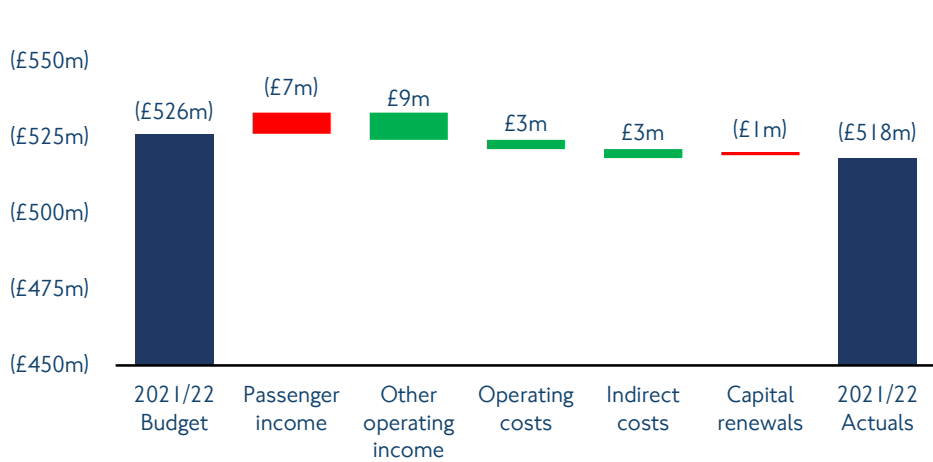
Year to date, 2020/21		
Last year	Variance to last year	% variance to last year
216	168	77%
155	105	68%
371	273	74%
8	(8)	-100%
379	265	70%
(1,026)	(54)	5%
(647)	211	-33%
(38)	3	-9%
(11)	0	2%
(20)	(16)	75%
(716)	198	-28%
(40)	5	-13%

Bus journeys compared to pre-pandemic baseline

% vs Pre Covid Period / Budget		Absolute m		Var to Bud m
65%	72%	Y	514	-16



Net cost of operations compared to Budget



Rail

Rail journeys – including London Overground, DLR and Trams – 57% of pre-pandemic levels in Period 5. Passenger income (£6m) lower than Budget due to 4 million fewer journeys.

Operating costs slightly down on Budget, from lower planned and reactive maintenance costs.

Rail

Operating account (£m)

Passenger income

Other operating income

Total operating income

Operating costs

Net operating surplus

Indirect costs

Net financing costs

Capital renewals

Net cost of operations

New capital investment

Year to date, 2021/22

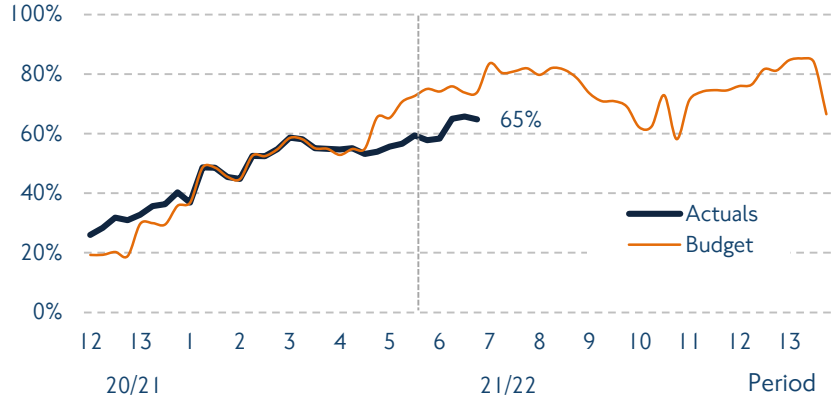
Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget
93	99	(6)	-6%
9	8	1	15%
102	107	(5)	-5%
(180)	(182)	2	-1%
(78)	(75)	(3)	4%
(6)	(7)	1	-16%
(16)	(16)	0	-1%
(13)	(14)	1	-4%
(113)	(112)	(1)	1%
(4)	(4)	0	-6%

Year to date, 2020/21

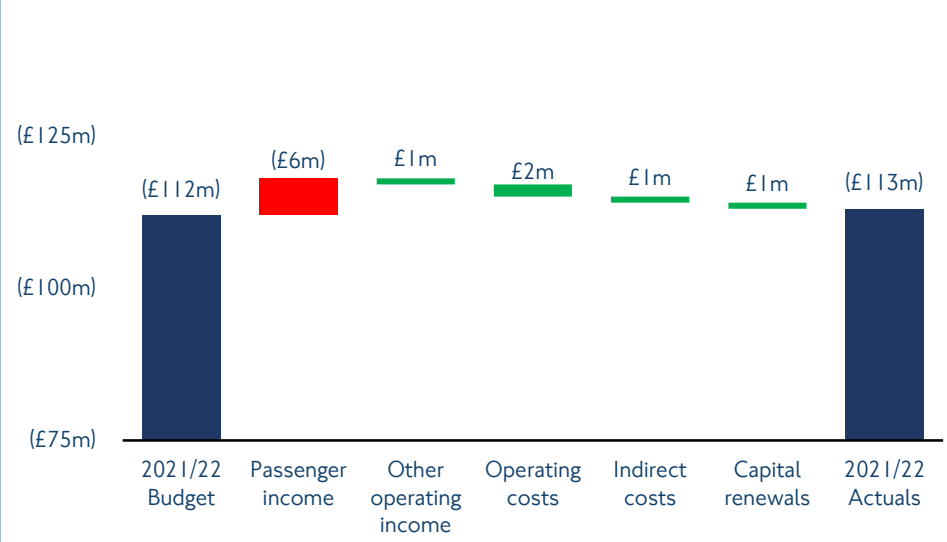
Last year	Variance to last year	% variance to last year
37	56	155%
1	8	490%
38	64	169%
(180)	0	0%
(142)	64	-45%
(6)	0	-2%
(16)	0	2%
(10)	(3)	32%
(173)	60	-35%
(6)	2	-29%

Rail journeys compared to pre-pandemic baseline

% vs Pre Covid Period / Budget	Absolute m	Var to Bud m
57%	70	-4



Net cost of operations compared to Budget



Major Projects Directorate

Year to date capital spend is in line with Budget.

Major Projects Directorate

Operating account (£m)	Year to date, 2021/22				Year to date, 2020/21		
	Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget	Last year	Variance to last year	% variance to last year
Other operating income	3	4	(1)	-14%	3	0	-1%
Total operating income	3	4	(1)	-14%	3	0	-1%
Government furlough grant	0	0	0	N/A	2	(2)	-100%
Total income	3	4	(1)	-14%	5	(2)	-38%
Operating costs	(5)	(7)	2	-30%	(28)	23	-84%
Net operating surplus	(1)	(2)	1	-50%	(22)	21	-95%
Indirect costs	(10)	(14)	4	-28%	(11)	1	-12%
Net financing costs	0	0	0	N/A	0	0	N/A
Capital renewals	(4)	(3)	(1)	33%	(1)	(3)	350%
Net cost of operations	(15)	(19)	4	-22%	(34)	19	-56%
New capital investment	(210)	(211)	1	0%	(156)	(54)	34%

Northern Line Extension



The two new stations making up the Northern Line Extension at Nine Elms and Battersea Power Station welcomed their first customers on 20 September with Tube services running from Kennington station on the Charing Cross branch.

The two step-free Zone 1 stations are set to dramatically improve the connectivity of these vibrant south London Neighbourhoods and contribute to the capital's recovery from the pandemic at a vital time.

Silvertown Tunnel



Site works continue in both Greenwich and Silvertown, including where the Tunnel Boring Machine (TBM) launch chamber will be constructed and, following demolition of existing buildings and site clearance, the piling works are well under way. The contract for the design and manufacture of the TBM is progressing to plan, with delivery expected in Spring 2022.

A new virtual public exhibition about the Silvertown Tunnel project was launched on 19 August on the Riverlinx website which includes new CGI images showing what the fully accessible walking and cycling bridge across the A102 Blackwall Tunnel Approach will look like once complete.

Barking Riverside Extension



In July, the programme achieved the strategic milestone of formally handing over the completed viaduct structure for the installation of track and associated rail systems; the track slab is on target to be completed in October 2021.

On the existing Network Rail infrastructure, two new power supplies were successfully commissioned at Eldred Road and Renwick Road in July and August respectively.

The final stage of signalling commissioning for rail systems on the viaduct is planned over a series of weekends in March and April 2022.

Section 2 Period 5, 2021/22 results: TfL Group performance

Divisional performance 1

TfL Group performance 2



Headlines

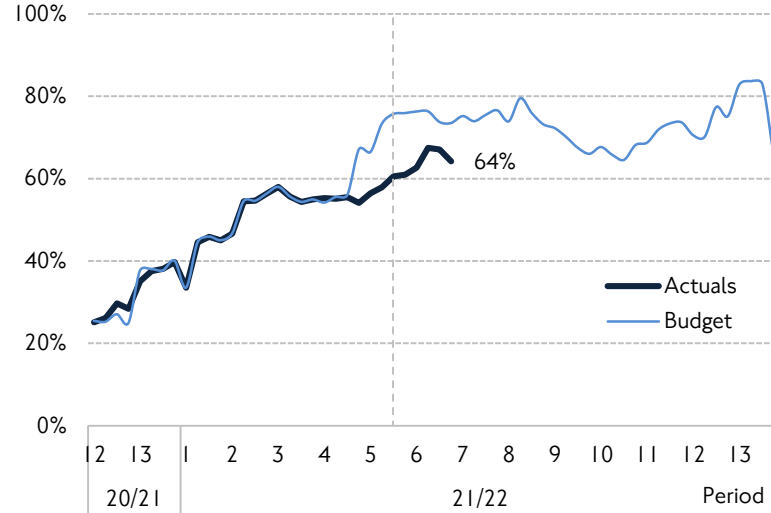
Passenger journeys and income have seen significant growth. Total TfL journeys reached 59% of pre-pandemic levels in Period 5; journeys now at 64%, in week ending 18 September. Passenger income is double that from last year, but remains around 55% of historical levels.

Cash balances remain broadly stable and are in line with closing cash from 2020/21 following the 1 June funding agreement with government.

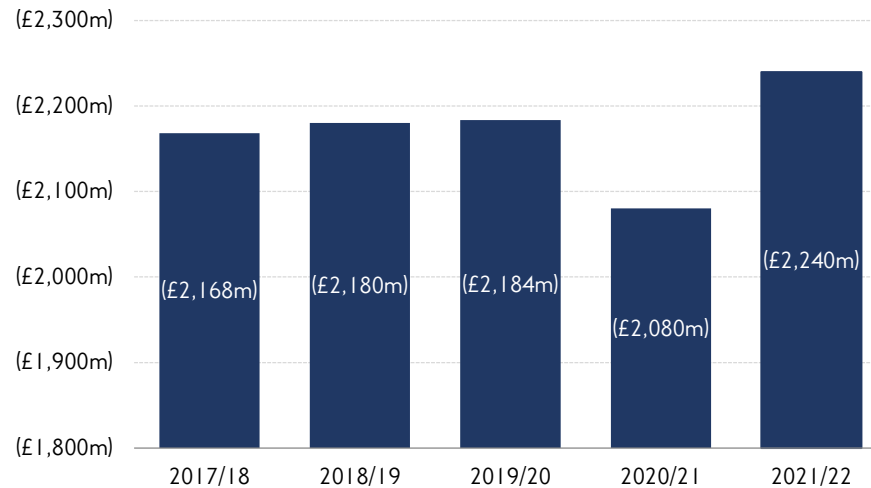
Following the expiration of the funding agreement (covering the end of May to December 2021), we expect to see cash balances reduce to near minimum cash levels.

Headlines

Total passenger journeys 64% of pre-pandemic levels against a target of 73%.

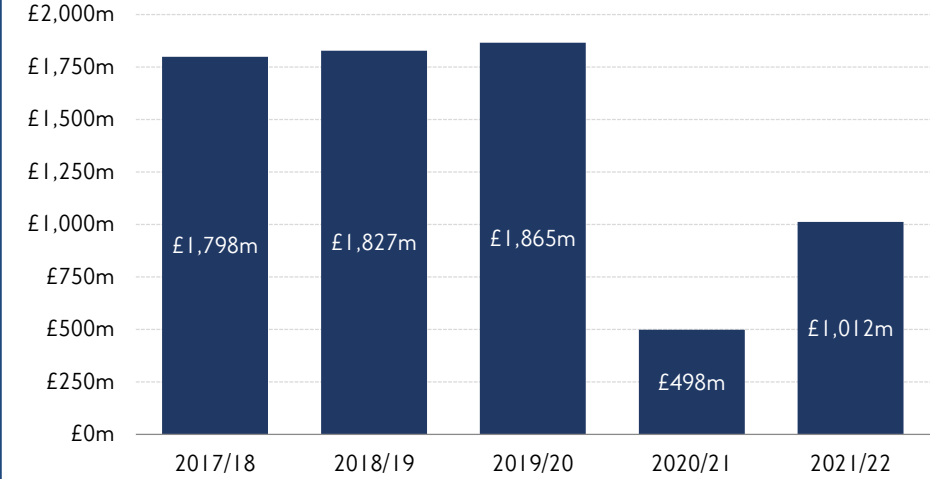


Core operating costs up on last year, when service levels were reduced during first wave of the pandemic



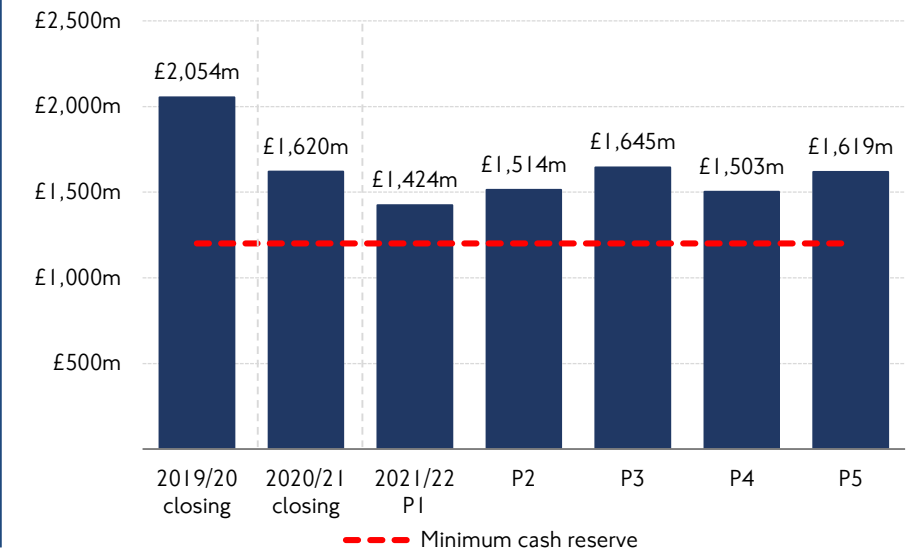
Individual years show year-to-date passenger income to end of Period 5. 2020/21 and 2021/22 are on average 3 days (6%) longer than prior years.

Passenger income up on last year, but £74m lower than Budget. Year-to-date income 45% lower than pre-pandemic levels



Individual years show year-to-date passenger income to end of Period 5.

Cash balances broadly stable following funding agreement, but expect balances to reach minimum cash reserve (£1.2bn) by year end



Passenger journeys

Passenger journeys were 59% of the pre-pandemic levels in Period 5, 2021/22, compared to a target of 73%. Journey growth plateaued throughout the summer period, partly a result of the delay to Step 4 of the Government’s roadmap, followed by the holiday season.

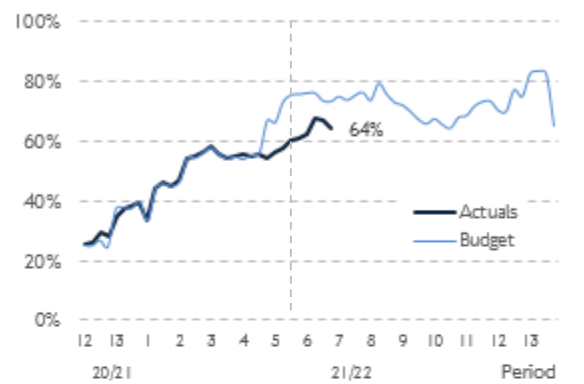
We have seen promising growth from the start of September. Total TfL journeys are now 64% of pre-pandemic levels. Latest Tube journey trends show journeys at 58% of pre-pandemic levels, up from 50% at the end of Period 5. Weekend Tube travel has seen the strongest recovery, along with suburban weekdays journeys; rail terminus journeys are also picking up, now around 55% of pre-pandemic levels. Bus journeys are 68% of pre-pandemic levels, up from 65% in Period 5.

Passenger journeys

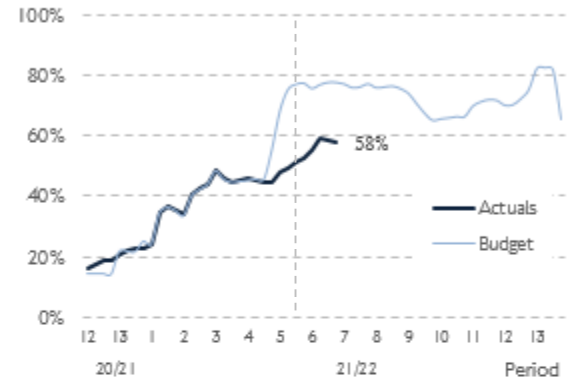
Journeys compared to pre-pandemic baseline (adjusted 2018/19 journeys)

Target is budgeted demand against this baseline; ‘P’ denotes latest period; ‘Y’ denotes year-to-date performance

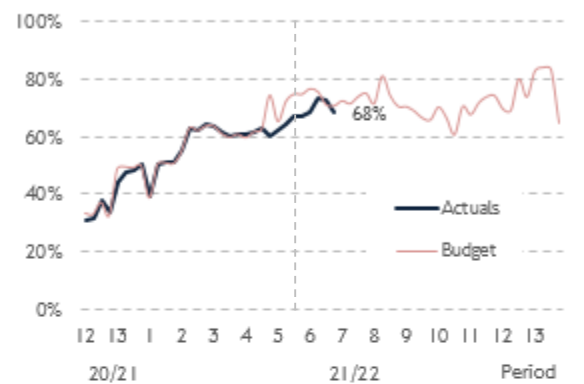
TfL	% vs Pre Covid Period / budget		Absolute m		Var to Bud m
	59%	73%	P	167	-39
			Y	824	-49



LU	% vs Pre Covid Period / budget		Absolute m		Var to Bud m
	50%	75%	P	50	-25
			Y	227	-28



Bus	% vs Pre Covid Period / budget		Absolute m		Var to Bud m
	65%	72%	P	99	-10
			Y	514	-16



Rail	% vs Pre Covid Period / budget		Absolute m		Var to Bud m
	57%	71%	P	15	-3
			Y	70	-4

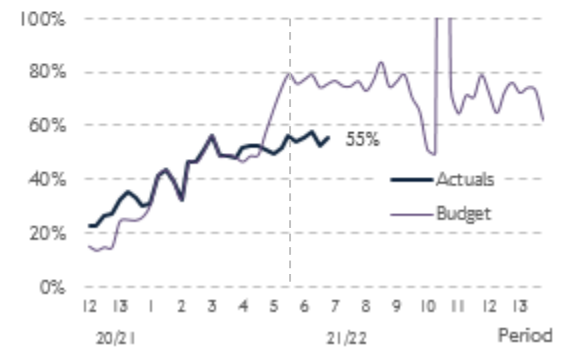


LO	% vs Pre Covid Period / budget		Absolute m		Var to Bud m
	54%	67%	P	8	-2
			Y	37	-2

DLR	% vs Pre Covid Period / budget		Absolute m		Var to Bud m
	61%	77%	P	6	-1
			Y	26	-2

Tram	% vs Pre Covid Period / budget		Absolute m		Var to Bud m
	62%	71%	P	2	0
			Y	7	0

TfLR	% vs Pre Covid Period / budget		Absolute m		Var to Bud m
	53%	74%	P	3	-1
			Y	13	-1



Operating account

Passenger income £1,012m year to date, which is double that from last year, but (£74m) below Budget. This is driven by lower journeys across all modes, partly a result of the delay to Step 4 of the Government's roadmap, followed by the holiday season. Other operating income up as a result of higher Road User Charging income (£9m).

Operating costs £45m lower than Budget, driven by lower underlying costs (£16m), timing differences (£11m) and central contingency release (£20m)

Extraordinary revenue grant is £86m higher than Budget, a result of higher revenue top up (up to an agreed limit), which offsets lower passenger income.

Operating account

Operating account (£m)

Passenger income	Other operating income	Total operating income	Business Rates Retention	Revenue grant	Government furlough grant	Total income	Operating cost	Net operating surplus	Net financing costs	Net cost of operations after financing	Capital renewals	Net cost of operations	Extraordinary revenue grant	Net cost of operations after extraordinary revenue grant
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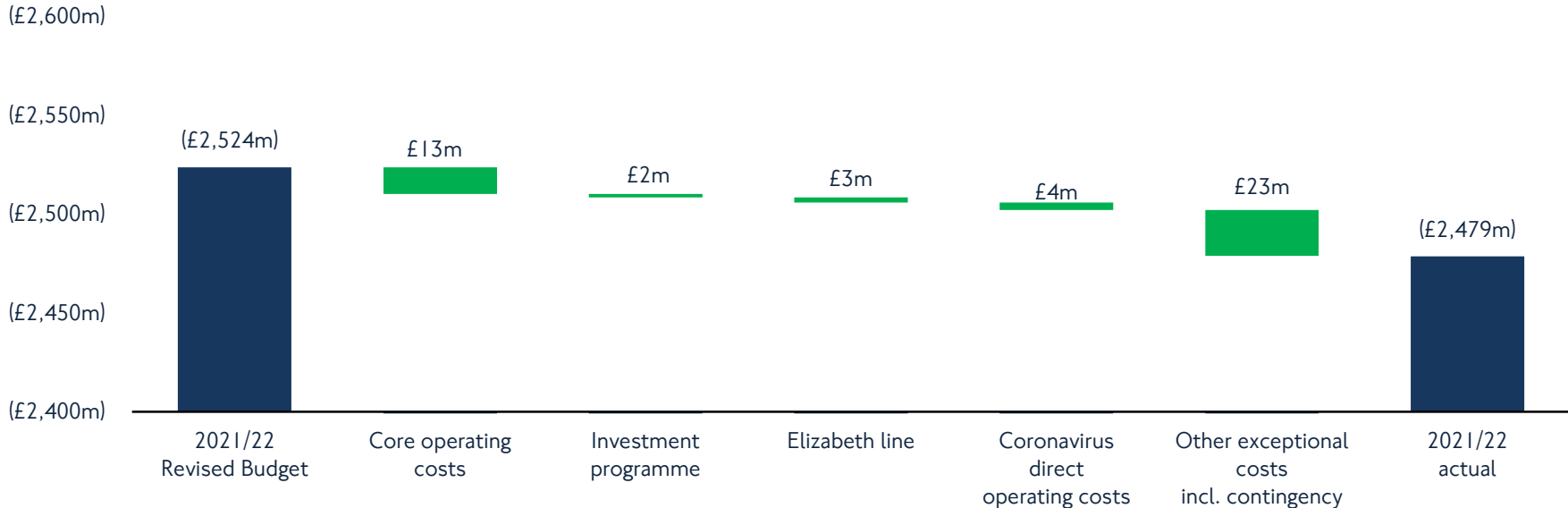
Year to date, 2021/22			
Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget
1,012	1,086	(74)	-7%
371	357	14	4%
1,383	1,444	(61)	-4%
449	449	0	0%
32	27	5	19%
0	0	0	N/A
1,864	1,920	(56)	-3%
(2,479)	(2,524)	45	-2%
(615)	(604)	(11)	2%
(173)	(175)	2	-1%
(788)	(780)	(8)	1%
(168)	(175)	7	-4%
(956)	(955)	(1)	0%
1,195	1,109	86	8%
239	154	85	56%

Year to date, 2020/21		
Last year	Variance to last year	% variance to last year
498	514	103%
242	129	53%
740	643	87%
427	22	5%
2	30	1241%
52	(52)	-100%
1,221	643	53%
(2,392)	(87)	4%
(1,171)	556	-48%
(170)	(3)	2%
(1,342)	554	-41%
(85)	(83)	98%
(1,426)	470	-33%
730	465	64%
(696)	935	-134%

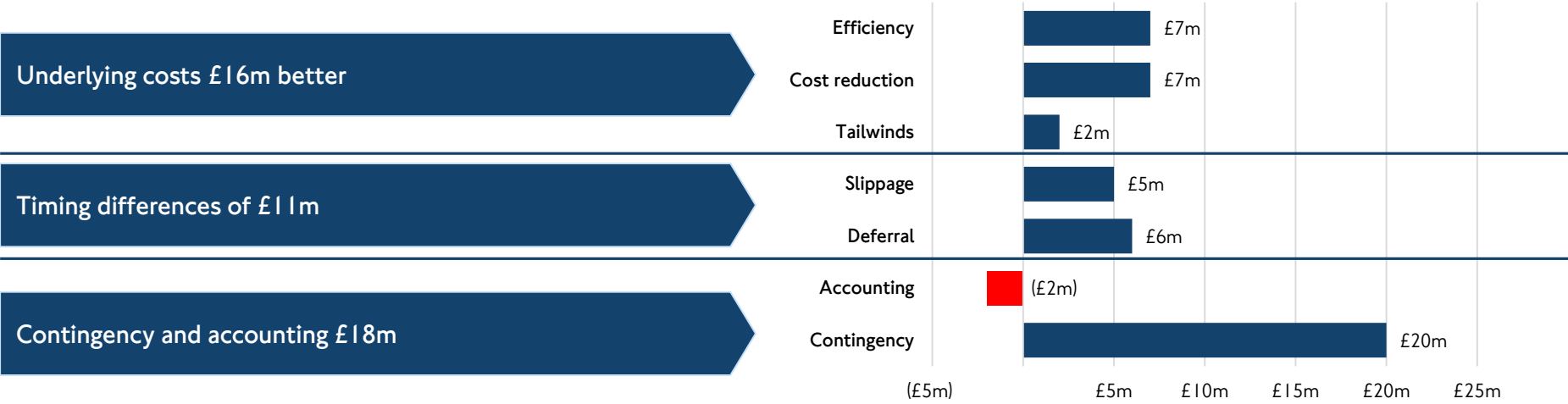
Operating costs

Total operating costs £45m lower than Budget. Underlying costs are £16m better than expected, driven by new efficiencies (including staff cost savings), lower bus performance payments, and lower LU traction costs.

Operating costs



Operating costs: drivers of year-to-date variances (£m)



Capital account

Total capital expenditure £27m lower than target, largely a result of project slippage and deferrals, partly driven from short term and stop-start nature of current funding agreements.

Property and asset receipts are (£5m) lower than Budget, driven by later than expected property disposals.

Capital account

Capital account (£m)	Year to date, 2021/22				Year to date, 2020/21		
	Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget	Last year	Variance to last year	% variance to last year
New capital investment	(295)	(314)	19	-6%	(248)	(47)	19%
Crossrail	(253)	(281)	28	-10%	(284)	31	-11%
Total capital expenditure	(548)	(595)	47	-8%	(531)	(17)	3%
Financed by:							
Investment grant	409	409	0	0%	400	9	2%
Property and asset receipts	10	15	(5)	-33%	5	5	78%
Borrowing	1	1	0	5%	337	(336)	-100%
Crossrail borrowing	74	74	0	0%	255	(181)	-71%
Crossrail funding sources	223	214	9	4%	67	156	231%
Other capital grants	22	21	1	4%	49	(27)	-55%
Total	739	734	5	1%	1,114	(375)	-34%
Net capital account	191	139	52	37%	582	(391)	-67%
Capital renewals	(168)	(175)	7	-4%	(85)	(83)	98%
New capital investment	(295)	(314)	19	-6%	(248)	(47)	19%
Total TfL capital expenditure	(463)	(490)	27	-5%	(333)	(130)	39%



Capital expenditure

Total capital expenditure is £27m lower than Budget, driven by slippage and deferrals. LU, Surface and Corporate programme underspend partly driven by stop-start nature of funding agreements, and associated project approval and contractual delays.

Capital expenditure by programme: year to date, 2021/22

Capital renewals and new capital investment (£m)	Year to date, 2021/22				Year to date, 2020/21		
	Actuals	Revised Budget	Variance to Revised Budget	% variance to Revised Budget	Last year	Variance to last year	% variance to last year
Major projects	(214)	(213)	(1)	0%	(157)	(57)	36%
Northern Line Extension	(36)	(36)	0	0%	(35)	(1)	2%
Four Lines Modernisation	(52)	(51)	(1)	2%	(28)	(24)	86%
Major Stations	(24)	(25)	1	-3%	(24)	0	0%
Railway Systems Enhancements	(2)	(2)	0	-1%	(4)	2	-44%
Piccadilly line trains	(50)	(51)	1	-2%	(29)	(21)	75%
DLR Rolling Stock	(27)	(27)	0	0%	(14)	(13)	94%
Barking Riverside	(18)	(17)	(1)	8%	(20)	2	-8%
Silvertown Tunnel	(4)	(4)	0	-2%	(3)	(1)	40%
Elizabeth line - infrastructure	(8)	(9)	1	-6%	(11)	3	-25%
LU	(112)	(121)	9	-8%	(58)	(54)	92%
Capital renewals	(103)	(110)	7	-7%	(49)	(54)	112%
New capital investment	(9)	(11)	2	-15%	(10)	1	-8%
Surface Transport	(89)	(94)	5	-6%	(77)	(12)	15%
Healthy Streets	(12)	(14)	2	-15%	(17)	5	-29%
Surface - assets	(30)	(29)	(1)	4%	(19)	(11)	56%
Surface Tech	(10)	(12)	2	-15%	(4)	(6)	148%
Public Transport	(19)	(20)	1	-3%	(16)	(3)	16%
Air Quality and environment	(17)	(19)	2	-9%	(20)	3	-15%
Corporate programmes	(31)	(36)	5	-15%	(18)	(13)	74%
Professional Services	(33)	(36)	3	-8%	(22)	(11)	49%
Media	2	0	2	-741%	4	(2)	-53%
Commercial Development	(9)	(16)	7	-42%	(11)	2	-20%
Estates and facilities	(1)	(1)	0	-29%	(1)	0	225%
Property development	(9)	(16)	7	-42%	(12)	3	-23%
Total TfL	(463)	(490)	27	-5%	(333)	(130)	39%



Cash balances

Total cash balances are just above £1.6bn at the end of Period 5 and in line with 2020/21 closing cash. Cash balances are (£86m) lower than Budget, largely a result of adverse working capital, which will unwind over subsequent periods.

Our latest cash forecast for the year shows cash gradually declining from Period 5 onwards, driven by lower levels of government funding to the expiry of the current agreement on 11 December. From this point, we have assumed TfL will receive no government funding, with cash declining to just over £700m at year end – this is almost £500m lower than our minimum cash balance.

Cash balances and latest forecast

TfL closing cash balances

2020/21	2021/22 cash movement	P5, 2021/22 closing cash	P5, 2021/22: variance to Revised Budget
1,620	(1)	1,619	(86)

Cash balances and latest cash forecast, 2021/22

